

Introduced by Senator Bowen

February 26, 1999

An act to amend Section 377 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1063, as introduced, Bowen. Electric restructuring: hydroelectric generation.

(1) The Public Utilities Act requires the Public Utilities Commission to continue to regulate the nonnuclear generation assets owned by any public utility prior to January 1, 1997, that are subject to commission regulation until those assets have been subject to market valuation in accordance with procedures established by the commission. The act requires a public utility, if, after market valuation, the public utility wishes to retain ownership of nonnuclear generation assets in the same corporation as the distribution utility, to demonstrate to the satisfaction of the commission, through a public hearing, that it would be consistent with the public interest and would not confer undue competitive advantage on the public utility to retain that ownership in the same corporation as the distribution utility.

This bill would amend the act to require that, notwithstanding the above provisions, or any other provision of law, the ownership of hydroelectric generation facilities owned and operated by a public utility regulated by the commission as of January 1, 2000, be retained, and would require those facilities to continue to be operated by that public utility, subject to the regulation of the commission.

Because a violation of the act is a crime, this bill would impose a state-mandated local program by creating a new crime. The bill would make a legislative finding and declaration relating to the ownership and operation of hydroelectric generation resources.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 377 of the Public Utilities Code
2 is amended to read:

3 377. ~~The~~ (a) *Except as specified in subdivision (b),*
4 *the* commission shall continue to regulate the nonnuclear
5 generation assets owned by any public utility prior to
6 January 1, 1997, that are subject to commission regulation
7 until those assets have been subject to market valuation
8 in accordance with procedures established by the
9 commission. If, after market valuation, the public utility
10 wishes to retain ownership of nonnuclear generation
11 assets in the same corporation as the distribution utility,
12 the public utility shall demonstrate to the satisfaction of
13 the commission, through a public hearing, that it would
14 be consistent with the public interest and would not
15 confer undue competitive advantage on the public utility
16 to retain that ownership in the same corporation as the
17 distribution utility.

18 (b) (1) *The Legislature finds and declares that the*
19 *ownership and operation of hydroelectric generation*
20 *resources by public utilities regulated by the commission*
21 *is in the public interest, for reasons including, but not*
22 *limited to, environmental, water, and market power*
23 *concerns.*

1 (2) *Notwithstanding subdivision (a), or any other*
2 *provision of law, the ownership of hydroelectric*
3 *generation facilities owned and operated by a public*
4 *utility regulated by the commission as of January 1, 2000,*
5 *shall be retained, and those facilities shall continue to be*
6 *operated, by that public utility, subject to the regulation*
7 *of the commission.*

8 SEC. 2. No reimbursement is required by this act
9 pursuant to Section 6 of Article XIII B of the California
10 Constitution because the only costs that may be incurred
11 by a local agency or school district will be incurred
12 because this act creates a new crime or infraction,
13 eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section
15 17556 of the Government Code, or changes the definition
16 of a crime within the meaning of Section 6 of Article
17 XIII B of the California Constitution.

